



i4i Ltd. P'Ship v. Microsoft Corp. - No. 6:07CV113, 2009 U.S. Dist. Lexis 70104 (E.D. Tex. Aug. 11, 2009) - 589 F.3D 1246 (FED. CIR. 2009)

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I4I LTD. P'SHIP V. MICROSOFT CORP.

**NO. 6:07CV113, 2009 U.S. DIST. LEXIS 70104 (E.D.
TEX. AUG. 11, 2009)**

589 F.3D 1246 (FED. CIR. 2009)

I. INTRODUCTION

In *i4i Limited Partnership v. Microsoft Corp.*, i4i Limited Partnership and Infrastructures for Information, Inc. (collectively, “i4i”) filed suit in United States District Court for the Eastern District of Texas, alleging that Microsoft Corp. (“Microsoft”) willfully infringed i4i’s patent that claimed a “Method and System for Manipulating the Architecture and the Content of a Document Separately from Each Other.”¹ Following a seven day jury trial, the jury returned a verdict finding the patent valid and infringed and awarded i4i \$200,000,000 in damages.² At the conclusion of the jury trial, Microsoft and i4i filed a number of motions, including i4i’s motions for a permanent injunction and enhanced damages.³ The District Court granted these motions and awarded an additional \$40,000,000 in enhanced damages.⁴ On appeal to the Federal Circuit, Microsoft challenged the jury decisions on validity, infringement, and damages as well as the District Court’s

1. *i4i Ltd. P’ship v. Microsoft Corp.*, No. 6:07CV113, 2009 U.S. Dist. LEXIS 70104, at *6 (E.D. Tex. Aug. 11, 2009).

2. *Id.* at *7.

3. *Id.* at *4-5.

4. *Id.* at *5, *78.

claim construction and entry of the permanent injunction.⁵ The Court of Appeals for the Federal Circuit modified the effective starting date of the injunction and affirmed in all other respects.⁶ Following the Federal Circuit opinion, Microsoft disputed the court's holding that Microsoft had not challenged the jury verdict on willful infringement and petitioned the Federal Circuit for rehearing.⁷ The Federal Circuit granted the petition for rehearing for the limited purpose of revising the original opinion's discussion of willfulness.⁸ The Federal Circuit rejected Microsoft's arguments and reaffirmed that Microsoft had not challenged this aspect of the jury's verdict.⁹

II. BACKGROUND

i4i was the owner of a U.S. patent that covered a method of processing and storing computer document content and data structure separately and distinctly.¹⁰ Typically, a computer document has two distinct parts: the content that is entered by the user and various data structures that allow the computer to efficiently recognize the meaning of the text.¹¹ Standardized computer languages, such as Extensible Markup Language ("XML"), utilize data structures to provide the computer with information about the significance of the user input and to tell the computer how it should be processed.¹² For example, markup languages may insert "tags" around text that tell the computer that the content is a person's name or social security number.¹³ i4i's patent referred to these tags and other similar structures as

5. *i4i Ltd. P'ship v. Microsoft Corp.*, 589 F.3d 1246, 1255 (Fed. Cir. 2009).

6. *Id.*

7. *i4i Ltd. P'ship v. Microsoft Corp.*, 2010 U.S. App. LEXIS 5036, at *1 (Fed. Cir. Mar. 10, 2010).

8. *Id.*

9. *i4i Ltd. P'ship v. Microsoft Corp.*, 2010 U.S. App. LEXIS 5010, at *66 (Fed. Cir. Mar. 10, 2010).

10. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *6. i4i's patent, U.S. Patent No. 5,787,449, claimed a "Method and System for Manipulating the Architecture and the Content of a Document Separately from Each Other." *Id.*

11. *Id.*

12. *Id.*

13. *i4i Ltd. P'ship*, 589 F.3d at 1255.

“metacodes.”¹⁴

i4i’s patented method created a reliable method of processing and storing the content and metacodes separately and distinctly.¹⁵ The invention utilized a “metacode map” that stored the individual metacodes and their respective locations in the document.¹⁶ By storing the structure separately, it is possible to manipulate the structure of a document without reference to the actual document’s content.¹⁷ Thus, the patent has allowed users to work solely on a document’s content or solely on its structure.¹⁸

i4i sued Microsoft in United States District Court for the Eastern District of Texas alleging willful infringement by Microsoft’s word processing and editing software known as Word (“WORD”).¹⁹ i4i alleged that Microsoft’s 2003 and 2007 versions of WORD contained a method of XML editing that infringed its patent.²⁰

A jury trial commenced and the jury returned a verdict finding the patent valid and infringed and awarded i4i \$200,000,000 in damages.²¹ Microsoft filed several motions for judgment as a matter of law and motions for new trial regarding willful

14. *Id.*

15. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *6.

16. *i4i Ltd. P’ship*, 589 F.3d at 1255.

17. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *6. In a supplemental claim construction hearing, the District Court repeated the description of the patent as:

[M]etacodes of the document are separated from the content and held in distinct storage in a structure called a metacode map Most of the benefits flow from the fact that the invention recognizes the separateness of content and structure [C]ontent may be used for multiple purposes without having to create multiple documents or edit multiple documents when the content changes.

i4i Ltd. P’ship v. Microsoft Corp., NO. 6:07CV113, 2009 U.S. Dist. LEXIS 39128, *7-8 (E.D. Tex. May 7, 2009). In the same hearing, the court rejected proposed limitations by Microsoft and reiterated its position that the use of the word “distinct” in the claim language was not a limitation that required storage of the metacode map and the mapped content in separate files. *Id.* at *8.

18. *i4i Ltd. P’ship*, 589 F.3d at 1526.

19. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *7.

20. *Id.*

21. *Id.*

infringement, indirect infringement, noninfringement, anticipation, obviousness, invalidity, and damages or remittitur.²² i4i filed motions for enhanced damages and attorney's fees, pre and post-judgment interest, post-verdict damages, and a permanent injunction.²³

Following the disposition of the lower trial, Microsoft appealed to the Court of Appeals for the Federal Circuit. The Federal Circuit granted Microsoft a stay on the injunction pending appeal.²⁴ On appeal, Microsoft renewed challenges to aspects of the District Court's claim construction and the findings on validity in addition to challenging the holdings on infringement and damages.²⁵ The Federal Circuit also reviewed the district court's issuance of a permanent injunction against the sale of WORD.²⁶

III. THE DISTRICT COURT'S LEGAL ANALYSIS

A. Microsoft's Motions for Judgment as a Matter of Law and New Trial

The court began by individually reviewing the motions filed by Microsoft at the conclusion of the jury trial, starting with Microsoft's argument for no direct infringement.²⁷ Next, the court considered Microsoft's argument for no indirect infringement.²⁸ The court then evaluated Microsoft's challenge to the jury finding of willful infringement.²⁹ Next, the court evaluated Microsoft's claim that i4i's patent was obvious and anticipated.³⁰ Finally, the court assessed Microsoft's challenges to the awarded damages.³¹

22. *Id.* at *4-5.

23. *Id.*

24. i4i Ltd. P'ship v. Microsoft Corp., 2009 U.S. App. LEXIS 19950 (Fed. Cir. Sept. 3, 2009).

25. *i4i Ltd. P'ship*, 589 F.3d at 1257.

26. *Id.*

27. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *9.

28. *Id.* at *17.

29. *Id.* at *29.

30. *Id.* at *37.

31. *Id.* at *54.

1. No Direct Infringement

Microsoft asserted that no reasonable jury could find that WORD infringed i4i's patent literally or by the doctrine of equivalents.³² The court considered Microsoft's principal argument to be that the definition given to "data structure" by one of i4i's technical experts allowed for larger data structures to "be broken down into smaller logical 'data structures.'"³³ According to the court, Microsoft argued that because there could be smaller data structures within WORD's source code, no reasonable jury could find that a single data structure contained a plurality of metacodes as required by the court's claim construction.³⁴ The court rejected this argument as a "mere disagreement with the jury verdict."³⁵

The court further found that Microsoft did not assert at trial that i4i exceeded the scope of the court's claim construction or that the construction was otherwise erroneous.³⁶ According to the court, Microsoft was proffering a new argument for an additional logical limit on the definition of "metacode map."³⁷ Thus, the court held that Microsoft's claim had been waived and that there was legally sufficient evidence for a jury to conclude that WORD contained the requisite "data structure."³⁸ For similar reasons, the court also

32. *Id.* at *9. See also Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 21 (1997)("[A] product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention.>").

33. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *10.

34. *Id.* The court had previously construed "metacode map" to be "a data structure containing a plurality of metacodes." *Id.* at *9.

35. *Id.* at *11. The court cited *Conoco, Inc. v. Energy & Envtl. Int'l, L.C.*, 460 F.3d 1349, 1359 (Fed. Cir. 2006) for the proposition that "litigants waive their right to present new claim construction disputes if they are raised for the first time after trial." *Id.* at *12.

36. *Id.*

37. *Id.* at *11-12.

38. *Id.* at *12. The court also assessed Microsoft's infringement under the doctrine of equivalents and found that WORD contained a "metacode map" equivalent to that described by i4i's patent. *Id.* at *12-13. However, the jury need not base its decision on this argument since the court found that WORD literally infringed the patent. *Id.*

rejected Microsoft's argument that WORD did not contain "metacodes" as defined by the court's claim construction.³⁹ Accordingly, the court denied Microsoft's motions for judgment as a matter of law and new trial regarding direct infringement.⁴⁰

2. No Indirect Infringement

The court next addressed Microsoft's motions regarding the jury finding of contributory⁴¹ and induced infringement.⁴² For contributory infringement, Microsoft first argued that i4i produced insufficient evidence to prove that Microsoft knew that WORD was infringing or that WORD's XML feature did not have a substantial non-infringing use.⁴³

With respect to the "knowing" requirement, the court cited *DSU Med. Corp. v. JMS Co.* for the proposition that the required showing of mental state for indirect infringement is "minimal" and may be proved by circumstantial evidence.⁴⁴ To satisfy this requirement, the court pointed to i4i's evidence that Microsoft was previously supplied with the patent number and an explanation of

39. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *14-16.

40. *Id.* at *17.

41. A cause of action based on contributory infringement flows from 37 U.S.C. § 271. That section provides:

[w]hoever offers to sell or sells within the United States . . . a component of a patented machine, . . . constituting a material part of the invention, *knowing* the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for *substantial noninfringing use*, shall be liable as a contributory infringer.

37 U.S.C. § 271(c) (2006) (emphasis added).

42. Induced infringement is a separate cause of action from contributory infringement. "In order to prevail on an inducement claim, the patentee must establish first that there has been direct infringement, and second that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another's infringement." *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007) (internal quotations omitted).

43. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *19-21.

44. *Id.* at 20 (citing *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006)).

the patented technology.⁴⁵ The court held that this evidence and an internal email from a Microsoft employee stating that WORD's XML capabilities would make i4i's technology "obsolete" were legally sufficient to support the jury conclusion that Microsoft knew WORD's XML capabilities would infringe i4i's patent.⁴⁶

On the issue of substantial non-infringing use, Microsoft argued that any non-infringing use should focus on the use of WORD as whole as opposed to the individual XML feature.⁴⁷ The court noted that in *Ricoh Co., Ltd. v. Quanta Computer Inc.*, the Federal Circuit concluded that any analysis of whether a non-infringing use was substantial should focus on the product as a whole because an accused infringer "should not be permitted to escape liability as a contributory infringer merely by embedding [the infringing product] in a larger product with some additional, separable feature"⁴⁸ Microsoft attempted to distinguish *Ricoh* on the grounds that the products had to be physically separable.⁴⁹ However, the court rejected Microsoft's argument and found that *Ricoh* was directly applicable because WORD contained "hundreds of separate features" and i4i had previously shown the availability of standalone XML editors in the marketplace.⁵⁰ Applying this standard, the court rejected all of the non-infringing uses put forth by Microsoft as insubstantial because they were either too restrictive or impracticable given the purpose of XML.⁵¹

Microsoft further argued that it did not "sell" or "offer to sell" any product within the scope of 35 U.S.C. § 271(c).⁵² However,

45. *Id.* at *20.

46. *Id.*

47. *Id.* at *21-23. As noted above, contributory infringement requires that the patented component of the invention not be "a staple article or commodity of commerce suitable for substantial noninfringing use." See 37 U.S.C. § 271 (c).

48. *Id.* at *22 n.5 (quoting *Ricoh Co., Ltd. v. Quanta Computer Inc.*, 550 F.3d 1325, 1337 (Fed. Cir. 2008)).

49. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *22-23 n.5

50. *Id.*

51. *Id.* at *24-25. According to the court, Microsoft asserted three non-infringing uses: (1) opening a file with XML as a WORD document; (2) opening a document that had XML elements but no user content; and (3) creating and saving a document with XML elements and user content, but without reopening the document. *Id.* at *21.

52. *Id.* at *25. Section 271(c) provides that whoever "offers to sell or sells" a component constituting a material part of an invention shall be liable as a

the court found that Microsoft failed to raise any objections on this ground before the jury trial and, therefore, the argument was waived.⁵³

In assessing Microsoft's motion for new trial on the jury's finding of induced infringement, the court relied on the same evidence of "knowledge" to reject Microsoft's argument that there was insufficient evidence to support a finding of specific intent.⁵⁴ Additionally, the court rejected Microsoft's argument that the court improperly used the words "material component" in place of "material or apparatus" in the jury instructions on indirect infringement.⁵⁵ Accordingly, the court denied Microsoft's motions.⁵⁶

3. No Willfulness

The court began its analysis of Microsoft's challenge to the jury finding that Microsoft willfully infringed i4i's patent by laying out the "objective recklessness" standard set forth by *In re Seagate Tech.*⁵⁷ Under the *Seagate* standard, in order to establish objective recklessness "a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent" without regard to the accused infringer's state of mind.⁵⁸ Additionally, the patentee must show that the "objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer."⁵⁹

According to the court, Microsoft argued that its successful assertion of various defenses to infringement and the pre-trial

contributory infringer. See 35 U.S.C. § 271(c).

53. *Id.* at *25-26.

54. *Id.* at *26-27.

55. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *28.

56. *Id.*

57. *Id.* at *29 (citing *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007)). In *Seagate*, the Federal Circuit overruled the willfulness standard set out in *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1830 (Fed. Cir. 1983), and held that a finding of willfulness required a showing of objective recklessness. 497 F.3d at 1368-71.

58. *Seagate*, 497 F.3d at 1371.

59. *Id.*

determination that some of i4i's patented claims were invalid barred a finding of willful infringement.⁶⁰ This argument was rejected as inconsistent with the standard set forth in *Seagate*.⁶¹ Specifically, the court noted that Microsoft's position "would allow an accused infringer to stay willfully ignorant despite a high likelihood that its actions infringe a valid patent."⁶² The court held that because Microsoft did not assert that its defenses would have been apparent to a reasonable person prior to Microsoft's infringing activity, the assertions were irrelevant to the assessment of the objective recklessness standard.⁶³

Microsoft further argued that it did not pass the subjective prong of the *Seagate* analysis because i4i had not presented Microsoft with a cease-and-desist letter.⁶⁴ The court rejected this argument and held that direct and circumstantial evidence showed that Microsoft was aware of the high likelihood that its activities were infringing.⁶⁵

Finally, the court rejected arguments by Microsoft that improper exclusion of evidence and improper jury instructions warranted a new trial.⁶⁶ Accordingly, the court denied Microsoft's motions for judgment as a matter of law and new trial regarding the jury finding of willful infringement.⁶⁷

4. Obviousness and Anticipation

Microsoft's next set of challenges regarded six instances of alleged prior art, in which Microsoft asserted that the references, either individually or in combination, anticipated or rendered i4i's patent obvious.⁶⁸ Additionally, Microsoft asserted that a new trial was warranted based on improper court instructions regarding

60. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *30.

61. *Id.* at *31.

62. *Id.* at *31.

63. *Id.* at *34.

64. *Id.*

65. *Id.*

66. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *35-37.

67. *Id.* at *37.

68. *Id.* at *37. See also *Graham v. John Deere Co.*, 383 U.S. 1 (1966) (explaining that, in addition to novelty and utility, a patent must be "non-obvious" to a person having ordinary skill in the pertinent art).

burden of proof in its defenses and the exclusion of evidence that i4i's patent was under reexamination.⁶⁹

The court first noted that at trial Microsoft only moved for judgment as a matter of law regarding anticipation of a single prior art reference, the S4 reference.⁷⁰ Thus, Microsoft's motions for judgment as a matter of law with respect to the four other prior art references, and combinations thereof, were waived.⁷¹ Nevertheless, the court continued to evaluate the remaining claims for anticipation by the on-sale bar in light of the S4 reference.⁷²

S4 was a software program developed in part by i4i's founder for a third-party that allowed users to add SGML tags to documents.⁷³ S4 divided documents up into "entities" that contained both the structure and content of the documents intermixed, as opposed to being stored separately.⁷⁴ The dispute centered on whether S4's patent embodied i4i's patent because the S4 technology did not store the SGML tags and document content separately.⁷⁵

While it was undisputed that the S4 reference was sold prior to the critical date, the court found that there was sufficient evidence contesting whether the S4 system implemented the required features embodying the i4i patent at the time of sale.⁷⁶ Ultimately, i4i's expert testimony and the testimony of one of the S4 inventors that the S4 system did not contain a "metacode map" at the time it was sold, combined with the unavailability of the original S4 source code to prove otherwise, was legally sufficient to rebut Microsoft's claim of anticipation.⁷⁷

For the remaining motion for new trials based on obviousness,

69. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *38.

70. *Id.* at *38-39.

71. *Id.* at *39.

72. *Id.* See also *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998) (explaining that to prove anticipation by on-sale bar, defendants must prove by clear and convincing evidence that, before the critical date, (1) the invention was the subject of a commercial sale or offer for sale and (2) the invention was "ready for patenting" at the time of the offer or sale).

73. *i4i Ltd. P'Ship*, 589 F.3d at 1262.

74. *Id.*

75. *Id.*

76. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *41-42.

77. *Id.* at *42-43.

the court reviewed the testimony regarding the prior art and held that there was sufficient evidence to allow a jury to conclude that no single prior art reference contained each and every claim limitation.⁷⁸ However, Microsoft also argued that the Kugimiya reference, one of the prior art references, provided the claim limitations that were missing from the other references and that together these references rendered the i4i patent obvious.⁷⁹ The court held that evidence that the Kugimiya invention was directed at an unrelated field and i4i's "abundant evidence of secondary considerations of non-obviousness" were sufficient to rebut "Microsoft's modest showing" and did not render the jury verdict against the weight of evidence.⁸⁰

Finally, the court rejected Microsoft's arguments regarding improper jury instructions and exclusion of evidence of reexamination as unsupported by caselaw and not probative of any claim regarding invalidity, respectively.⁸¹

5. Microsoft's Motion for New Trial or Remittitur Damages

The final arguments proffered by Microsoft related to the jury award of \$200,000,000 in damages.⁸² Specifically, Microsoft argued that the court erred in admitting a telephone survey supporting the damage award because it was hearsay and the testimony regarding the amount of a reasonable royalty rate was unreliable.⁸³

With respect to the survey, the court found that the true evidence

78. *Id.* at *48-49. Here, the court discussed two prior art references, the "Rita" and "DeRose" patents. *Id.* at *47. There was evidence that both patents failed to teach the "mapped content," "metacode map," or "address of use" limitations of the i4i patent. *Id.* at *48.

79. *Id.* at *49.

80. *Id.* at *51-52.

81. *Id.* at *53. Microsoft asserted that the jury instruction stating that it was required to prove invalidity by clear and convincing evidence was not warranted in light of the Supreme Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), since the PTO had not considered some of the asserted prior art. *Id.* The court rejected this reading of *KSR* as mere dicta and contradicted by overwhelming caselaw. *Id.*

82. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *54.

83. *Id.* at *55, *63.

was the expert testimony and that the survey was merely used as support.⁸⁴ Therefore, the court held that the appropriate analysis was the “reasonably relied upon by experts” analysis under Federal Rules of Evidence 703.⁸⁵ Applying this standard, the court found that there was extensive testimony regarding the reliability of the survey and that acceptance of Microsoft’s arguments would in fact “defeat the very purpose of a ‘statistical sample’ survey.”⁸⁶

Additionally, Microsoft challenged i4i’s expert testimony that estimated the cost of reasonable royalties based on a third-party product at the time of infringement.⁸⁷ i4i’s experts testified that the estimation was reasonable because several other options were considered and rejected as either too high of a price or as lacking similar capabilities.⁸⁸ Furthermore, the product itself was being used by Microsoft during the relevant time period.⁸⁹ Ultimately, the court found that the testimony was reasonable and that Microsoft failed to show that damages were clearly excessive.⁹⁰

B. i4i’s Motions

1. i4i’s Motion for Judgment on the Jury Verdict and Enhanced Damages

Next, the court began to evaluate i4i’s motions, starting with its motion for enhanced damages.⁹¹ In reviewing the evidence in light of the “bad faith” standard, the court reviewed internal emails from Microsoft’s XML development team that discussed i4i’s patented

84. *Id.* at *55-56.

85. *Id.*

86. *Id.* at *58-60.

87. *Id.* at *63.

88. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *63-64.

89. *Id.* at *64.

90. *Id.* at *67.

91. *Id.* at *68. Under 35 U.S.C. § 284, a court may in its discretion enhance damages up to three times when there is a finding of willful infringement or bad-faith on the part of an infringing party. The court noted that “bad faith” in this context “refers to an infringer’s lack of due care.” *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *68.

technology.⁹² The court found that the emails directly confirmed Microsoft's awareness of i4i's patent as well as its intention to implement similar capabilities on WORD that would make i4i's patented invention "obsolete."⁹³ Furthermore, Microsoft did not present any evidence that it conducted any investigation of i4i's patented material.⁹⁴ The court noted that i4i did not assert that Microsoft deliberately copied the patented invention; nevertheless, the court held that the evidence indicated that Microsoft never formed a good-faith belief of non-infringement.⁹⁵

Additionally, the court noted that the case for enhanced damages was furthered by Microsoft's counsel's conduct throughout the course of litigation.⁹⁶ The court noted that during voir dire, opening statements, and closing arguments Microsoft's counsel made multiple statements to the jury suggesting that it was improper for a non-practicing patent owner to sue for damages.⁹⁷ The court found that Microsoft's counsel's actions were "persistent, legally improper, and in direct violation of the court's instructions," and such actions supported enhanced damages to i4i.⁹⁸

As result of these findings, the court awarded an additional \$40,000,000 in enhanced damages to i4i.⁹⁹ The court declined to further award attorney fees and litigation costs, noting that i4i delayed filing suit and that Microsoft's misconduct was not "exceptional."¹⁰⁰

92. *Id.* at *71.

93. *Id.*

94. *Id.*

95. *Id.* at *71-73.

96. *Id.* at *74.

97. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *75-77. At trial the court issued ex parte warnings to Microsoft's counsel and gave the jury specific instructions in attempt to "temper" the prejudice of Microsoft's counsel's statements. *Id.*

98. *Id.* at *77.

99. *Id.* at *78.

100. *Id.*

2. *i4i's Motion for Post-Verdict Damages to Judgment, Prejudgment Interest, and Post-Judgment Interest*

In addition to enhanced damages, i4i also moved for post and prejudgment interest as well as post-verdict damages based on extrapolation of the jury verdict.¹⁰¹ The court granted i4i post-judgment interest as uncontested and briefly rejected Microsoft's arguments against post-verdict damages as overruled by the court's holdings in prior motions.¹⁰² Thus, the court awarded an additional \$144,060 per day in post-verdict damages for the approximately three months since the jury verdict.¹⁰³

With regard to prejudgment interest, the court found that i4i's delay in filing suit did not prejudice Microsoft and was merely for the purposes of prosecuting its patent.¹⁰⁴ Accordingly, the court awarded \$37,097,032 in prejudgment interest to i4i and an additional \$21,102 per day since the date of the verdict.¹⁰⁵

3. *i4i's Motion for a Permanent Injunction*

In its final motion, i4i requested a permanent injunction enjoining Microsoft from infringing the patent, including the sale of WORD 2003 and 2007 products.¹⁰⁶ The court began its analysis of the permanent injunction factors set forth in *eBay Inc. v. MercExchange* with discussion of the irreparable injury sustained by i4i.¹⁰⁷

101. *Id.* at *79.

102. *Id.* at *79-81.

103. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *81.

104. *Id.* at *82.

105. *Id.* at *83.

106. *Id.* at *83-84. The court found that i4i's request did not require Microsoft to disable the infringing XML functionality in currently distributed product. *Id.* at *84. However, use of the feature would nevertheless be prohibited.

107. *Id.* at *84-85 (citing *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 394 (2006)). Under *MercExchange*, a plaintiff seeking permanent injunction must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and the defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. 547 U.S. at 391.

The court found that Microsoft's entry into the XML marketplace was in direct competition with i4i, regardless of i4i's designed compatibility with WORD.¹⁰⁸ The court rejected Microsoft's argument that the compatibility of the products created growth opportunities for i4i because the fact that i4i had to adapt to Microsoft's entry into the market place did not negate the injury incurred by Microsoft's entry.¹⁰⁹ Furthermore, Microsoft's entry into the XML marketplace rendered i4i's products obsolete in 80% of the market and significantly damaged its brand recognition.¹¹⁰ Thus, the court held that i4i had shown overwhelming irreparable injury that could not be compensated by monetary damages.¹¹¹

Microsoft also contended that an injunction was improper based on *MercExchange* because XML was simply a small part of the infringing WORD products.¹¹² The court rejected this argument and held that *MercExchange* did not apply because the XML capabilities were not a "smaller component of a larger product" but rather a stand-alone product with an independent market.¹¹³

With respect to the balance of hardships analysis, the court found that the impact of infringement on i4i was significantly greater than on Microsoft since the technology comprised almost all of i4i's business.¹¹⁴ Furthermore, the court rejected Microsoft's argument that redesigning its software would be an "enormous task" because it was unclear whether Microsoft could comply with the injunction through the use of a software patch.¹¹⁵

For the final *MercExchange* factor of public interest, the court found that the injunction would have little effect on current users of WORD because i4i did not request the functionality to be disabled on products already in use.¹¹⁶ Furthermore, the court noted that the technology did not involve any key social issues,

108. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *86.

109. *Id.* at *88.

110. *Id.*

111. *Id.*

112. *Id.* at *89-90. (citing *eBay Inc.*, 547 U.S. at 396-97 (2006) (Kennedy, J., concurring) (explaining that monetary damages may be sufficient when the patented technology is small component of a larger product)).

113. *Id.* at *90.

114. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *90-91.

115. *Id.* at *92.

116. *Id.* at *93-94.

and thus according to the court, this factor also weighed in favor of i4i.¹¹⁷

Finally, the court accepted Microsoft's argument that the scope of some of the language in i4i's proposed injunction was outside the realm of what constituted infringing activities.¹¹⁸ The language at issue involved i4i's proposed prohibition on "making" the infringing product, which was found not to be infringing activity since the asserted claims were methods.¹¹⁹ Accordingly, the court adopted the remainder of i4i's proposed language and granted its motion for a permanent injunction.¹²⁰

C. Microsoft's Motion to Stay Injunction

Microsoft also moved to stay the injunction on the grounds that (i) it was likely to succeed on appeal; (ii) the public would be irreparably harmed absent a stay; and (iii) the pending re-examination of i4i's patent required a stay.¹²¹

The court rejected Microsoft's argument regarding likelihood of success on appeal on the grounds that its analysis under other motions showed that Microsoft did not present a "compelling case, either legally or factually, that would override the irreparable harm" faced by i4i.¹²² Furthermore, the court found that the fact that i4i's patent was pending re-examination was inconsequential to the case at hand.¹²³

Microsoft further argued for an exception in its upcoming WORD 2010 product whereby Microsoft could activate and track the XML features on demand and pay a royalty to i4i when they were used.¹²⁴ The court accepted i4i's argument that this would amount to a compulsory license and denied Microsoft's request.¹²⁵

Finally, the court found it necessary to note an inconsistency in Microsoft's position regarding whether or not a software patch

117. *Id.* at *94.

118. *Id.*

119. *Id.*

120. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *95.

121. *Id.*

122. *Id.* at *96.

123. *Id.* at *98.

124. *Id.* at *98.

125. *Id.* at *99.

could be used to remove the XML capabilities from versions currently in use.¹²⁶ The court recalled that when initially opposing the injunction, Microsoft had stated that it would take five months to implement the injunction in versions currently in use.¹²⁷ However, the court noted that the evidence suggested that the injunction could be complied with by a software patch and stated that “[o]ddly, Microsoft’s proposal regarding [on demand activation for] WORD 2010 seem[ed] to imply an ability to manipulate its software beyond what has been previously indicated.”¹²⁸ Consequently, the court denied Microsoft’s motion and ordered it to comply with the injunction within sixty days.¹²⁹

D. Microsoft’s Equitable Defenses

Finally, the court addressed Microsoft’s assertion of the equitable defenses of laches and inequitable conduct.¹³⁰ Microsoft’s laches defense involved an assertion that i4i intentionally delayed filing suit that resulted in prejudice to Microsoft.¹³¹ The court found that i4i should have reasonably known of infringement by 2005 when its outside counsel confirmed probable infringement and that this timeframe was not “equitably unreasonable.”¹³² Furthermore, the court rejected the contention that the delay prejudiced Microsoft, because there was evidence that Microsoft knew of the i4i patent and that it would have been unlikely to stop selling the infringing products anyways.¹³³

Microsoft also argued that i4i’s failure to disclose a prior art

126. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *99.

127. *Id.*

128. *Id.*

129. *Id.* The injunction was ordered on August 11, 2009. However, as noted, the order was stayed pending review. *See i4i Ltd. P’ship*, 2009 U.S. App. LEXIS 19950.

130. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *99-113. “Laches focuses on the dilatory conduct of the patentee and the prejudice which the patentee’s delay has caused.” *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1031-32 (Fed. Cir. 1992).

131. *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *100.

132. *Id.* at *103.

133. *Id.* at *104.

reference to the PTO amounted to inequitable conduct.¹³⁴ The parties disputed whether the prior art was material to i4i's patent and whether the inventors had the requisite deceptive intent in failing to disclose it.¹³⁵ The court held that the evidence was conflicting and that Microsoft had failed to carry its burden of proof on the issue of materiality.¹³⁶ Similarly, the court found that the evidence regarding intent tended to support "candid" behavior, and when combined with the failure to prove materiality, it also showed Microsoft's failure to meet its high burden of proof.¹³⁷

IV. THE DECISION ON APPEAL

A. Claim Construction

On appeal to the Federal Circuit, Microsoft challenged the jury findings on damages and validity and aspects of the district court's claim construction.¹³⁸ As to the district court's claim construction, Microsoft renewed its arguments that the use of "distinct" in the claim language added two requirements: (1) storing the "metacode map" and "mapped content" in separate files, and (2) the ability to edit the document's content and its metacode map "independently and without access" to each other.¹³⁹ The Federal Circuit took a similar view to that of the district court and held that the claim's plain language, specification, and prosecution history did not show that the claim scope was limited to storage of the "metacode map" and "mapped content" in separate files.¹⁴⁰

The Federal Circuit noted that the "closer question" was whether the language required independent manipulation of "metacode

134. *Id.* at *106. "Inequitable conduct resides in failure to disclose material information, or submission of false material information, with an intent to deceive, and those two elements, materiality and intent, must be proven by clear and convincing evidence." *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988)

135. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *108.

136. *Id.* at *110.

137. *Id.* at *113.

138. *i4i Ltd. P'ship*, 589 F.3d at 1256.

139. *Id.* at 1257.

140. *Id.* at 1258-59.

map” and “mapped content.”¹⁴¹ The Federal Circuit noted that none of the claims mentioned independent manipulation and that the terms “separate” and “distinct” have a different meaning from the term “independent.”¹⁴² In the end, the Federal Circuit held that the use of these terms and the specification’s permissive language showed that separate manipulation was not a limitation but rather referred to the ability to work separately on either the structure or the content while the invention keeps the two synchronized.¹⁴³

B. Validity

The Federal Circuit then reviewed the District Court’s determinations on obviousness and anticipation.¹⁴⁴ The Federal Circuit found that Microsoft had preserved only its right to challenge the jury findings with respect to the S4 reference because it did not move for pre-verdict judgment as a matter of law on the other instances of prior art.¹⁴⁵ Thus, the Federal Circuit held that Microsoft had waived its right to challenge the jury findings underlying the nonobviousness verdict.¹⁴⁶ Accordingly, the Federal Circuit reviewed the record under the implicit assumption that the jury had found the *Deere* factors to weigh in favor of i4i and ultimately upheld the nonobviousness finding.¹⁴⁷

Next, the Federal Circuit upheld the District Court’s ruling with respect to the anticipation by the “on-sale” bar.¹⁴⁸ It was uncontested that the S4 reference was sold prior to the critical date, but the Federal Circuit reviewed the conflicting expert testimony at trial regarding whether the S4 reference embodied i4i’s patent at the time of sale.¹⁴⁹ Noting that anticipation was an affirmative

141. *Id.*

142. *Id.* at 1259.

143. *Id.* at 1259-60.

144. *i4i Ltd. P’ship*, 589 F.3d at 1261, 1263.

145. *Id.* at 1261.

146. *Id.* at 1260-61.

147. *Id.* at 1261. *See also Graham*, 383 U.S. at 17 (holding that the nonobvious requirement was to be determined based on three factual inquiries: the scope and content of the prior, differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art).

148. *i4i Ltd. P’ship*, 589 F.3d at 1262.

149. *Id.* at 1262-63.

defense, the Federal Circuit rejected Microsoft's argument that i4i was required to corroborate its expert testimony and upheld lower rulings because Microsoft was unable to prove by clear and convincing evidence that the patent was anticipated.¹⁵⁰

C. Infringement

The Federal Circuit then reviewed the jury findings of infringement and held that there was sufficient evidence to support a finding that at least one user of WORD practiced the claimed methods in i4i's patent, directly infringing the patent.¹⁵¹ Additionally, the Federal Circuit held that there was sufficient evidence to support a finding of contributory infringement because the jury could have reasonably concluded that Microsoft knew that the XML editor was infringing and that it had no substantial noninfringing use.¹⁵² Furthermore, the Federal Circuit held that it was not an error for the district court to instruct the jury to focus on the custom XML editor instead of WORD as a whole when addressing whether a noninfringing use was "substantial."¹⁵³ In doing so, the Federal Circuit reaffirmed that "a particular tool within a larger software package may be the relevant 'material or apparatus' when that tool is a separate and distinct feature."¹⁵⁴ Finally, the Federal Circuit noted that a reasonable jury could have concluded that Microsoft had induced infringement as well by providing online training and user support for the XML functions.¹⁵⁵

D. Damages

The Federal Circuit next reviewed the jury's damage award and

150. *Id.*

151. *Id.* at 1266.

152. *Id.* at 1266-67.

153. *Id.* at 1264-65.

154. *i4i Ltd. P'ship*, 589 F.3d at 1264 (quoting *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1320-21 (Fed. Cir. 2009)). *See also Ricoh*, 550 F.3d at 1337 (holding that an infringer "should not be permitted to escape liability as a contributory infringer merely by embedding [the infringing product] in a larger product . . .").

155. *i4i Ltd. P'ship*, 589 F.3d at 1266.

held that it was unable to decide whether the calculated royalty was reasonable because Microsoft did not file a pre-verdict judgment as a matter of law on damages.¹⁵⁶ The Federal Circuit alluded to the fact that the outcome might have been different had it been able to review the award to determine whether it was grossly “excessive or monstrous” under the *Georgia-Pacific* factors.¹⁵⁷ The Federal Circuit also upheld the district court’s discretionary award of \$40,000,000 in enhanced damages, noting that the district court had statutory authority to award up to \$600,000,000.¹⁵⁸

E. Permanent Injunction

Finally, the Federal Circuit reviewed the district court’s ruling on the permanent injunction considering the *eBay* factors.¹⁵⁹ The Federal Circuit held the district court’s findings for each factor were not an abuse of discretion and that the injunction had been properly narrowed to minimize harm to the public.¹⁶⁰ However, the Federal Circuit rejected the district court’s conclusion that there was evidence indicating that a software patch could be designed to implement the changes to WORD required to comply with the injunction.¹⁶¹ The Federal Circuit held that the only evidence in the record indicated that it would take at least five months for Microsoft to comply with the permanent injunction.¹⁶² Accordingly, the Federal Circuit modified the effective date of the

156. *Id.* at 1272.

157. *Id.* at 1272-73. *See also* *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970) (laying out a list of fifteen evidentiary facts relevant to the determination of the amount of a reasonable royalty for a patent license).

158. *i4i Ltd. P’ship*, 589 F.3d at 1274.

159. *Id.* at 1272-73. Under the standard set forth in *eBay Inc. v. MercExchange, LLC*, the plaintiff has the burden of showing that (1) it has suffered an irreparable injury; (2) remedies available at law are inadequate to compensate for that injury; (3) considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) the public interest would not be disserved by a permanent injunction. 547 U.S. at 391.

160. *i4i Ltd. P’ship*, 589 F.3d at 1277.

161. *Id.*

162. *Id.* at 1278.

injunction to begin five months from the August 11, 2009 order.¹⁶³

V. CONCLUSION

The district court denied all of Microsoft's motions for judgment as a matter of law and new trial on the issues of infringement, willfulness, anticipation, obviousness, and damages.¹⁶⁴ The court granted i4i's motion for enhanced damages and awarded an additional \$40,000,000.¹⁶⁵ The court declined to award attorney's fees and litigation costs.¹⁶⁶ The court also granted i4i's motion for post and prejudgment interest and post-verdict damages and awarded \$37,097,032 in prejudgment interest (plus an additional \$21,102 per day since the verdict) and \$144,060 per day in post-verdict damages.¹⁶⁷ The court granted i4i's motion for a permanent injunction on the sale of WORD with the infringing XML feature.¹⁶⁸ Finally, the court rejected Microsoft's equitable defenses of laches and inequitable conduct.¹⁶⁹

On appeal, the Federal Circuit affirmed district court's claim construction and upheld the rulings and jury findings on validity and infringement.¹⁷⁰ On the issue of damages, the Federal Circuit held that it was unable to decide whether the size of the royalty was reasonable, but it upheld the district court's discretionary award of \$40,000,000 in enhanced damages.¹⁷¹ Finally, the Federal Circuit upheld the entry of the permanent injunction but modified the effective date of the injunction to begin five months from the August 11, 2009 order on January 11, 2010.¹⁷²

163. *Id.*

164. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *17, *28, *37, *44, *46, *49, *67.

165. *Id.* at *78.

166. *Id.*

167. *Id.* at *81-83.

168. *Id.* at *95.

169. *Id.* at *106, *113.

170. *i4i Ltd. P'ship*, 589 F.3d at 1278.

171. *Id.* at 1272-74.

172. *Id.* at 1278.

VI. ADDENDUM

The Federal Circuit's original opinion held that Microsoft did not challenge the jury instructions or sufficiency of the evidence supporting the jury's finding on the issue of Microsoft's willful infringement.¹⁷³ Following the publication of the opinion, Microsoft challenged this holding and petitioned the Federal Circuit for rehearing.¹⁷⁴ The Federal Circuit granted the petition for rehearing for the limited purpose of revising the original opinion's discussion of willfulness.¹⁷⁵

In the new opinion the Federal Circuit noted that it still viewed Microsoft's opening brief as challenging only the District Court's rational on enhanced damages and not the jury's willfulness verdict.¹⁷⁶ Nevertheless, the Federal Circuit went on to review the jury's finding of willfulness, but noted that "the result [did] not change."¹⁷⁷ The Federal Circuit held that the jury could have reasonably inferred that Microsoft knew about the patent from evidence that Microsoft employees attended demonstrations of the patented technology, received sales kits identifying the technology as patented, and had discussed the technology in internal emails.¹⁷⁸ The Federal Circuit also noted that evidence supported the conclusion that Microsoft knew that their XML technology had highly similar functionality to i4i's patented technology, but still did not attempt to design around the patented technology.¹⁷⁹ Furthermore, the Federal Circuit held that there was no evidence showing that Microsoft made a good faith effort to avoid infringement; rather, internal emails suggested that Microsoft

173. *i4i Ltd. P'Ship*, 589 F.3d at 1273.

174. *i4i Ltd. P'ship*, 2010 U.S. App. LEXIS 5036, at *1.

175. *Id.*

176. *i4i Ltd. P'ship*, 2010 U.S. App. LEXIS 5010, at *63.

177. *Id.* As noted above, the Federal Circuit set out a new willfulness standard in 2007 and held that a finding of willful infringement required a showing that the infringer was aware of the asserted patent, but acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. *Seagate Tech.*, 497 F.3d at 1371. After satisfying this objective prong, the patentee must also show that the infringer knew or should have known of this objectively high risk. *Id.*

178. *i4i Ltd. P'ship*, 2010 U.S. App. LEXIS 5010, at *64-65.

179. *Id.* at *65.

intended their technology to make i4i's patent "obsolete."¹⁸⁰ Accordingly, the Federal Circuit rejected Microsoft's arguments to the jury verdict and held that even had their challenge been proper, there was still sufficient evidence to support the verdict.¹⁸¹

VII. FUTURE IMPLICATIONS

The i4i suit involving their patented method presented a unique and interesting technological challenge to the United States District Court for the Eastern District of Texas. While the court ultimately took a correct view of the patented technology, many readers may find it difficult to follow some of the parties' arguments that centered on the court's claim construction. One point of confusion may be the court's use of the term XML. To be clear, i4i's patent did not cover any XML or SGML technologies themselves.¹⁸² Traditionally, documents utilizing XML would store the metacode data intermixed with the document's content entered by the user.¹⁸³ On the other hand, i4i's patented technology utilized the often referred to "metacode map" to allow storage of the metacode separately, but still keep a reference to where it belonged in the document.¹⁸⁴ It was this capability that the district court found to be utilized in the infringing WORD products.¹⁸⁵

The i4i case also illustrates many of the evidentiary issues and problems that are routinely faced in the calculation of damages for

180. *Id.* at *65-66.

181. *Id.* at *66.

182. For a discussion of the XML technologies at issue, see Milan Kupcevic, *XML v. i4i's Patent v. Microsoft's "Custom XML,"* <http://milan.kupcevic.net/custom-xml-microsoft-office-word-data-store-i4i-patent-5787449-msdn/> (last visited Mar. 6, 2010).

183. *Id.*

184. *Id.*

185. In a 2005 article, a Microsoft program manager, Brian Jones, wrote an article explaining the addition of the ability to create a "separate data store" for XML data that is then linked to the document through a user created "relationship." The article boasts near identical capabilities as the i4i patent. See Brian Jones, *Integrating with business data: Store custom XML in the Office XML formats* (Nov. 11, 2005), http://blogs.msdn.com/brian_jones/archive/2005/11/04/integrating-with-business-data-store-custom-xml-in-the-office-xml-formats.aspx.

patent infringement. The fact that the patented technology is a component of a larger product only serves to amplify these issues. Notably, both opinions expose some of the complications raised by applying the Daubert standard to expert testimony in this context, especially when searching for a reasonable “benchmark” royalty.¹⁸⁶ In a recent article, two commentators criticized the expert’s use of the “25% rule of thumb” and called it “economically irrational.”¹⁸⁷ Furthermore, the opinions show that quotations by Microsoft employees “touting” that they had embraced the XML market as part of their future strategy were used as a part of the royalty calculation and relevant to *Georgia-Pacific* factors.¹⁸⁸ Use of these quotations may be troublesome because they are often taken out of context and do not reflect official company positions. Regardless, the Federal Circuit opinion highlights the fact that i4i’s expert took many precautions and factors into account to arrive at the used royalty rate.¹⁸⁹ For example, i4i’s expert assumed that every company that did not respond to his survey did not use the WORD capabilities in an infringing manner, necessarily introducing a serious “downward bias.”¹⁹⁰

An additional notable aspect of the appellate court’s opinion is that the Federal Circuit reaffirmed the decisions in *Ricoh* and *Lucent*, and it again showed that when assessing infringement of patented components in computer software, the focus will likely remain on the use of the component itself and not the product as a whole.¹⁹¹ However, it may be important to note that one aspect common to all three cases is that each case dealt with infringing components that were determined to be separable features from the

186. See *i4i Ltd. P’ship*, 589 F.3d at 1269-71; *i4i Ltd. P’ship*, 2009 U.S. Dist. LEXIS 70104, at *55-57.

187. Alan Cox & Mario Lopez, 2 *Economists’ Take On i4i V. Microsoft*, LAW360 (Nov. 23, 2009) available at http://www.nera.com/image/PUB_Law_360_Nov2009.pdf.

188. *i4i Ltd. P’ship*, 589 F.3d at 1269.

189. *Id.* at 1270-71.

190. *Id.* at 1271.

191. *Id.* at 1264-65. In *Ricoh*, the Federal Circuit held that the question of whether a noninfringing use was “substantial” should focus on the individual component and not the larger product. 550 F.3d at 1337. In *Lucent*, the Federal Circuit held that a particular tool within a larger software package may be the relevant component in assessing infringement. 580 F.3d at 1320-21.

larger product.¹⁹² As seen in this case, when the patented feature is independent and separable from the overall program, then analysis of whether any non-infringing use is substantial will necessarily focus on the patented feature itself and not the overall software.¹⁹³ Furthermore, the fact that the component is used in a larger product will not deter courts from granting injunctive relief.

Ultimately, nearly all of the jury findings and District Court holdings were upheld on appeal. However, both the opinions indicate that many of Microsoft's legal arguments were waived for failure to make the necessary motions at the requisite times throughout trial.¹⁹⁴ Further, both opinions seemed to indicate that some of the waived motions would have been more likely to succeed.¹⁹⁵ While the mere fact that many legal theories had been forfeited does not guarantee that the decision would have turned out differently, in harmonizing the district court and Federal Circuit opinions with precedent, these waivers should be analyzed prudently. In the end, and if nothing else, the *i4i* case teaches a valuable lesson in properly timing motions to preserve arguments for both at trial and on appeal.

Nicholas A. Restauri

192. See *Ricoh*, 550 F.3d at 1337; *Lucent*, 580 F.3d at 1320; *i4i Ltd. P'ship*, 589 F.3d at 1264-65.

193. *i4i Ltd. P'ship*, 589 F.3d at 1264-65.

194. *i4i Ltd. P'ship*, 2009 U.S. Dist. LEXIS 70104, at *12, *16, *26, *36, *39.

195. See, e.g., *id.* at *37-39; *i4i Ltd. P'ship*, 589 F.3d at 1261.